

# EXHIBIT 10

## Guinea Bribe-Probe Defendant Pleads Not Guilty in NYC

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By Bob Van Voris

May 16 (Bloomberg) -- A French citizen tied to BSG Resources Ltd. pleaded not guilty to charges he obstructed a U.S. grand jury investigation into bribes paid to win mining rights in Guinea.

Frederic Cilins, 50, entered the plea during a hearing yesterday in Manhattan federal court. He was brought to New York from Florida, where a judge last month ordered him held without bail. Prosecutors said Cilins presents a "grave risk" of flight.

Cilins, who was described by Guinean Justice Minister Christian Sow as an agent of BSGR, is accused of offering to pay a cooperating witness to lie to the grand jury and to turn over documents for him to destroy, according to a federal indictment filed in Manhattan.

Cilins, who was arrested April 15 in Jacksonville, Florida, is charged with five criminal counts. Prosecutors said he "repeatedly attempted to obstruct the grand jury investigation" in conversations and meetings with the witness.

U.S. Magistrate Judge James Klindt in Jacksonville ruled April 29 that Cilins must remain in custody because of concern he may try to flee if released. Cilins' lawyer, Michelle P. Smith, told U.S. Magistrate Judge Frank Maas yesterday that she is seeking bail for her client. Prosecutors are seeking to keep him in custody.

Cilins arrived in New York May 14 in the custody of U.S. Marshals. He appeared at yesterday's arraignment wearing prison fatigues and was aided by a French interpreter.

BSGR is controlled by Israeli billionaire Beny Steinmetz. BSGR said in March that Guinea was preparing to strip its joint venture with Vale SA of its mining rights in the country.

The venture is planning a \$10 billion iron ore mine in the country at Simandou. The dispute intensified amid a government review into the agreements signed with mining companies.

### Mining Licenses

BSGR said in an earlier e-mailed statement that Cilins wasn't one of the company's 6,000 employees and that allegations of fraud in obtaining its mining rights are baseless.

The U.S. said Cilins offered to pay the cooperating witness as much as \$5 million to give him the original copies of contracts that showed an alleged corrupt deal involving an unidentified mining company and her former husband and to sign a false affidavit. The contracts had been requested by agents of the Federal Bureau of Investigation, prosecutors said.

The U.S. said it has a recording of a meeting between Cilins and the witness in which Cilins learned a grand jury was investigating the mining company's conduct.

Cilins repeatedly told the woman that the documents in her possession needed to be destroyed "urgently," prosecutors said.

### **Cooperating Witness**

The cooperating witness is the former wife of a now- deceased high ranking Guinea government official, according to the April 15 complaint in the case.

The witness isn't identified by name in the complaint or the indictment. The witness is cooperating in hope of obtaining immunity for her own potential criminal conduct, according to the complaint.

Mamadie Toure, the wife of former Guinea President Lansana Conte, is cooperating with the U.S. probe, according to a person with knowledge of the investigation.

Toure was the fourth wife of Conte, who died in 2008.

Sow, the Guinean justice minister, said in an April 16 statement issued by the office of President Alpha Conde that Cilins was an agent of BSGR.

### **Contracts Sought**

Cilins transferred at least \$2 million plus shares in stock in mining areas in Guinea to a company owned by the official's wife, according to the complaint. Under the contracts, the money was to be distributed to the official's wife as well as ministers or senior officials of Guinea's government whose authority might be needed to secure the mining rights, according to court documents.

Steinmetz's company in November said it received a letter from Guinea regarding an investigation into how the venture with Vale obtained mining rights.

It acquired rights to part of the Simandou deposit in 2008 after Rio Tinto Group, the world's second-largest mining company, was ordered by the government to give up a section of its license area. Vale agreed to buy 51 percent of the project for as much as \$2.5 billion in 2010.

The Guinean government has said it might strip Steinmetz's company of the license because of the allegations -- putting at risk a \$2 billion payment he's due and the reputation of a key figure in the global trade in high-end diamonds.

### **George Soros**

The allegations of payoffs are detailed in a 28-page report, obtained by Bloomberg, prepared by U.S. law firm DLA Piper LLP. The firm was hired by Guinea at the recommendation of hedge fund billionaire George Soros, who's advising the government through his foundations.

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Soros, who regularly backs young democratic governments in eastern Europe and Africa, funded the initial DLA Piper investigation, said a person familiar with the matter who asked not to be identified discussing a private issue. His aim was to provide legal counsel to the government that could match the resources of big mining companies, the person said.

Steinmetz and BSGR, based in Guernsey, deny wrongdoing in Guinea and describe themselves as victims of a conspiracy by President Conde and Soros to revoke the firm's mining license.

BSGR "became the victim of numerous extortion attempts by individuals who were seeking economic gains," it said May 9 in an e-mailed statement. "The modus operandi of these attempts involved at times the use of forged documentation, blackmail and harassment. BSGR is confident that its activities and position in Guinea will be fully vindicated."

The case is U.S. v. Cilins, 13-mj-00975, U.S. District Court, Southern District of New York (Manhattan).

--With assistance from Sophia Pearson in Philadelphia, Jesse Riseborough and Matthew Campbell in London, Joel Rosenblatt in San Francisco and Franz Wild in Johannesburg. Editors: Andrew Dunn, Glenn Holdcraft

To contact the reporter on this story: Bob Van Voris in New York at +1-212-617-4171 or [rvanvoris@bloomberg.net](mailto:rvanvoris@bloomberg.net)

To contact the editor responsible for this story: Michael Hytha at +1-415-617-7137 or [mhytha@bloomberg.net](mailto:mhytha@bloomberg.net)

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